



School District 8  
Kootenay Lake

# Financial Statements Discussion & Analysis

For the year ended June 30, 2019



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## INTRODUCTION

The following Financial Statements Discussion & Analysis provides greater information about the financial results for School District No. 8 (Kootenay Lake) (the “**District**”) for the year ended June 30, 2019. This report is prepared based on known facts and conditions as at September 10, 2019. The District’s annual financial results presented herein are discussed in comparison with the prior year ended June 30, 2018 as well as to the Amended Budget for 2018-2019 that was adopted by the Board of Education on February 27, 2019. This report should be read in conjunction with the District’s annual audited financial statements for the same years.

## BOARD OF EDUCATION’S STRATEGIC PLAN

### *Message from the Board of Education*

The Board of Education believes every child should be supported to reach their fullest potential. We strive to prepare our students for a world that is changing at an exponential rate. We recognize that children learn in all environments, their homes, their communities, as well as, their classrooms. Because of this understanding, all Board committees: Education, Policy and Governance, and Finance and Operations, include all trustees, district and school administrators, parents, teachers, and support staff.

Collaboratively we work towards the goals of Learning, Organizational Excellence, Relationships and Engagement, which we believe will best provide the sustenance for each student's success.

### *Mission*

*We focus on excellence for all learners in a nurturing environment.*

### *Our Values*

Educational Success  
Creativity & Imagination  
Engaged Citizenship  
Resiliency

### *Our Vision*



### DISTRICT ENROLMENT

	2018-2019 Actual	2017-2018 Actual	2018-2019 Budget	Variance to 2017-2018	Variance to Budget
School age	4,771.438	4,854.060	4,839.000	(82.622)	(67.562)
Adult	6.250	8.500	7.000	(2.250)	(0.750)
<b>Total FTE</b>	<b>4,777.688</b>	<b>4,862.560</b>	<b>4,846.000</b>	<b>(84.872)</b>	<b>(68.312)</b>

### STATEMENT OF OPERATIONS

The following table breaks out District operations for the year by Operating, Special Purpose and Capital funds, as well showing fund surpluses and transfers between funds:

Year Ended June 30, 2019	Operating Fund	Special Purpose Funds	Capital Funds	Total
	\$	\$	\$	\$
<b>Revenues</b>				
Provincial Grants				
Ministry of Education	52,166,484	7,390,577	-	59,557,061
Other	407,866	-	-	407,866
Tuition	2,340,737	-	-	2,340,737
Other Revenue	295,989	2,903,424	-	3,199,413
Rentals & Leases	127,371	-	-	127,371
Investment Income	97,248	45,774	42,394	184,416
Gain (Loss) on Disposal of Tangible Capital Assets	-	-	122,499	122,499
Amortization of Deferred Capital Revenue	-	-	2,586,568	2,586,568
<b>Total Revenues</b>	<b>55,435,695</b>	<b>10,339,775</b>	<b>2,751,461</b>	<b>68,526,931</b>
<b>Expenses</b>				
Instruction	41,759,686	9,788,548	-	51,548,234
District Administration	2,790,714	58,928	-	2,849,642
Operations & Maintenance	7,204,629	410,341	-	7,614,970
Transportation & Housing	2,834,938	-	-	2,834,938
Amortization of Tangible Capital Assets	-	-	3,230,202	3,230,202
<b>Total Expenses</b>	<b>54,589,967</b>	<b>10,257,817</b>	<b>3,230,202</b>	<b>68,077,986</b>
<b>Surplus (Deficit)</b>	<b>845,728</b>	<b>81,958</b>	<b>(478,741)</b>	<b>448,945</b>
<b>Net Transfers to/from other Funds</b>				
Tangible Capital Assets Purchased	(1,048,875)	(81,958)	1,130,833	-
<b>Total Net Transfers</b>	<b>(1,048,875)</b>	<b>(81,958)</b>	<b>1,130,833</b>	<b>-</b>
<b>Total Surplus (Deficit) for the year</b>	<b>(203,147)</b>	<b>-</b>	<b>652,092</b>	<b>448,945</b>
<b>Surplus (Deficit) beginning of the year</b>	<b>2,050,540</b>	<b>-</b>	<b>22,733,212</b>	<b>24,783,752</b>
<b>Accumulated Surplus (Deficit) end of the year</b>	<b>1,847,393</b>	<b>-</b>	<b>23,385,304</b>	<b>25,232,697</b>

## STATEMENT OF FINANCIAL POSITION

As at	June 30, 2019 Actual \$	June 30, 2018 Actual \$	Increase (Decrease) \$	Increase (Decrease) %
<b>Financial Assets</b>				
Cash & Cash Equivalents	11,145,611	12,085,782	(940,171)	-8%
Accounts Receivable				
Dues from Province – Ministry of Education	26,863	832,677	(805,814)	-97%
Other	370,399	254,798	115,601	45%
Portfolio Investments	87,152	87,534	(382)	0%
<b>Total Financial Assets</b>	<b>11,629,925</b>	<b>13,260,791</b>	<b>(1,630,866)</b>	<b>-12%</b>
<b>Liabilities</b>				
Accounts Payable & Accrued Liabilities				
Due to Province – Ministry of Education	-	41,093	(41,093)	-100%
Other	4,467,192	4,930,360	(463,168)	-9%
Unearned Revenue	683,017	1,198,163	(515,146)	-43%
Deferred Revenue	2,341,518	2,084,072	257,447	12%
Deferred Capital Revenue	49,450,686	49,298,323	152,363	0%
Employee Future Benefits	742,886	816,307	(73,421)	-9%
<b>Total Liabilities</b>	<b>57,685,299</b>	<b>58,368,318</b>	<b>(683,019)</b>	<b>-1%</b>
<b>Net Financial Assets (Debt)</b>	<b>(46,055,374)</b>	<b>(45,107,527)</b>	<b>(947,847)</b>	<b>2%</b>
<b>Non-Financial Assets</b>				
Tangible Capital Assets	71,054,116	69,783,389	1,270,726	2%
Prepaid Expenses	233,955	107,890	126,065	117%
<b>Total Non-Financial Assets</b>	<b>71,288,071</b>	<b>69,891,279</b>	<b>1,396,792</b>	<b>2%</b>
<b>Accumulated Surplus (Deficit)</b>	<b>25,232,697</b>	<b>24,783,752</b>	<b>448,945</b>	<b>2%</b>

### Assets

Accounts receivable from the Ministry of Education decreased compared with the prior year due to an amount owing under the special purpose Classroom Enhancement Fund totalling \$754,847 as at June 30, 2018. Other accounts receivable increased due to a greater number of invoices issued near the end of June, 2019 compared with the prior year. Prepaid expenses increased compared to the prior year primarily due to \$75,220 in prepaid capital expenditures and \$70,881 in prepaid software expenses.

### Liabilities

Accounts payable decreased due to the timing of payments at year end. Unearned revenue decreased due to a decrease in international advance tuition/homestay collections. Deferred revenue increased primarily due to a \$164,262 increase in unspent school generated funds.

## OPERATING FUND

The following table compares the year ended June 30, 2019 and is followed by a discussion of significant variances to the prior year or the amended budget.

	2018-2019 Actual	2017-2018 Actual	2018-2019 Budget	Variance to 2017-2018	Variance to Budget
	\$	\$	\$	\$	\$
<b>Revenues</b>					
Provincial Grants – Ministry of Education	52,166,484	51,585,200	51,910,493	581,284	205,991
Provincial Grants – Other	407,866	246,709	427,123	161,157	(19,257)
Tuition	2,340,737	1,991,224	2,361,056	349,513	(20,319)
Other Revenue	295,989	365,641	279,217	(69,652)	16,772
Rentals & Leases	127,371	131,596	124,228	(4,225)	3,143
Investment Income	97,248	90,658	60,000	6,590	37,248
<b>Total Revenues</b>	<b>55,435,695</b>	<b>54,411,028</b>	<b>55,162,117</b>	<b>1,024,667</b>	<b>273,578</b>
<b>Expenses</b>					
Teacher Salaries	19,514,132	20,249,836	18,804,546	(735,704)	709,586
Principal and Vice Principal Salaries	3,809,854	3,536,790	3,744,074	273,064	65,780
Educational Assistant Salaries	3,863,032	3,388,207	3,590,034	474,825	272,998
Support Staff Salaries	6,478,893	6,643,278	5,957,855	(164,385)	521,038
Other Professional Salaries	1,555,282	1,376,230	1,447,685	179,052	107,597
Substitute Salaries	1,921,384	1,766,043	1,809,103	155,341	112,281
Employee Benefits	9,226,212	8,865,362	11,086,989	360,850	(1,860,777)
Services	1,494,406	1,241,597	1,773,899	252,809	(279,493)
Student Transportation	131,115	127,118	384,716	3,997	(253,601)
Professional Development and Travel	1,171,653	1,108,384	1,108,027	63,269	63,626
Rentals and Leases	157,646	125,388	167,981	32,258	(10,335)
Dues and Fees	83,298	56,042	51,356	27,256	31,942
Insurance	176,464	157,442	141,599	19,022	34,865
Supplies	3,664,848	3,722,699	3,862,188	(57,851)	(197,340)
Utilities	1,341,748	1,285,783	1,415,230	55,965	(73,482)
<b>Total Expenses</b>	<b>54,589,967</b>	<b>53,650,199</b>	<b>55,345,282</b>	<b>939,768</b>	<b>(755,315)</b>

### Operating Fund Revenues

Despite slight decreases in enrolment (shown on page 5) grants from the Ministry of Education increased due mainly to increases in Unique Geographic and Unique Student Needs funding. Other Provincial grants also increased from \$123,200 in new Industry Training Authority grants, plus there was a continuation of \$177,000 grants from the Ministry of Child & Family Development. Tuition revenue increased due to greater international student enrolment and increased homestay revenues. Investment income increased due to increases in funds invested and improved interest rates.

### *Operating Fund Salaries & Benefits*

Teacher salaries decreased in the operating fund, however overall teacher staffing increased, but was funded by special purpose funds. Educational assistant salaries increased due to additional staffing. Other professional salaries increased due to the addition of the Director of Information Technology, Health & Safety Officer, and Manager of Finance. Substitute salaries increased due to the Board approved Focus-Learn-Excel professional development program. Employee benefits increased commensurate with the increases in staffing.

### *Operating Service & Supplies*

Services expenses increased due to the Board-authorized technology modernization initiative, per the recommendations of the IBM report. Rental and lease expenses increased across the board, including inclusion services leases, photocopy leases, and two new fleet vehicle leases. Dues and fees increased due to increased participation by staff in Provincial bodies. Insurance expenses increased due to an increase in ICBC insurance rates.

## SPECIAL PURPOSE FUND

The following table shows variances to prior year and to the amended budget, with a discussion of the significant variances to the prior year results:

	2018-2019 Actual	2017-2018 Actual	2018-2019 Budget	Variance to 2017-2018	Variance to Budget
	\$	\$	\$	\$	\$
<b>Provincial Grants - Ministry of Education</b>					
Annual Facility Grant	280,180	279,588	280,180	592	-
Learning Improvement Fund	200,515	604,892	200,515	(404,377)	-
Strong Start	159,704	151,082	203,616	8,622	(43,912)
Ready, Set, Learn	38,158	42,745	117,013	(4,587)	(78,855)
OLEP	80,522	88,189	93,440	(7,667)	(12,918)
CommunityLINK	619,381	611,235	675,740	8,146	(56,359)
Rural Education Enhancement Fund	404,624	404,624	404,624	-	-
Coding & Curriculum Implementation	-	57,517	-	(57,517)	-
Classroom Enhancement Fund	5,607,493	3,678,488	5,657,379	1,929,005	(49,886)
<b>Other Revenue</b>				-	-
Scholarships & Bursaries	16,834	24,035	36,987	(7,201)	(20,153)
School Generated Funds	2,808,846	2,776,529	2,450,000	32,317	358,846
Donations	77,744	29,575	73,336	48,169	4,408
<b>Investment Income</b>	45,774	7,175	35,082	38,599	10,692
<b>Total Revenues</b>	<b>10,339,775</b>	<b>8,755,674</b>	<b>10,227,912</b>	<b>1,584,101</b>	<b>111,863</b>

### *Special Purpose Revenues*

Provincial grants from the Ministry of Education increased primarily due to the increased staffing hired to comply with the restores language as implemented following LOU17. Learning Improvement Fund revenue decreased compared with the prior year, in which deferred revenues were used to fund extraordinary teacher and educational assistant salaries. Other revenues increased due to greater school generated funds. Investment income increased due to increases in invested funds and improved interest rates.

## CAPITAL FUND

The following table and discussion shows revenues and accounting in the three types of capital funds in the District:

	2018-2019 Actual \$	2017-2018 Actual \$	Variance to 2017-2018 \$
<b>Bylaw Capital</b>			
Provincial Grants – Ministry of Education	2,773,826	1,740,139	1,033,687
Buildings purchases	(2,024,140)	(2,033,915)	9,775
Furniture & Equipment purchases	(87,985)	-	(87,985)
Vehicles purchases	(1,039,064)	(15,702)	(1,023,362)
<b>Net Change for the Year</b>	<b>(377,363)</b>	<b>(309,478)</b>	<b>(67,885)</b>
Opening Balance	377,363	686,841	(309,478)
<b>Closing Balance</b>	<b>-</b>	<b>377,363</b>	<b>(377,363)</b>
<b>Ministry of Education Restricted Capital</b>			
Restricted Portion of Proceeds on Disposals	412,500	48,750	363,750
<b>Net Change for the Year</b>	<b>412,500</b>	<b>48,750</b>	<b>363,750</b>
Opening Balance	69,000	20,250	48,750
<b>Closing Balance</b>	<b>481,500</b>	<b>69,000</b>	<b>412,500</b>
<b>Other Provincial Capital</b>			
Provincial Grants – Other	79,581	110,807	(31,226)
Furniture & Equipment purchases	(266,047)	(139,901)	(126,146)
<b>Net Change for the Year</b>	<b>(186,466)</b>	<b>(29,094)</b>	<b>(157,372)</b>
Opening Balance	281,828	310,922	(29,094)
<b>Closing Balance</b>	<b>95,362</b>	<b>281,828</b>	<b>(186,466)</b>

### *Bylaw Capital*

Provincial grants from the Ministry of Education for bylaw capital projects increased due to the \$1,039,064 certificate of approval to purchase new school buses.

### *Ministry of Education Restricted Capital*

The Ministry of Education restricted portion of proceeds on disposals increased due to the disposal of the Creston Education Centre and Canyon Street property.

### *Other Provincial Capital*

Other Provincial capital grants decreased due to reduced Industry Training Authority funding for the Youth Trade Capital Equipment Program. Furniture and equipment purchases increased due to the use of prior year deferred revenues to purchase equipment.